PHILIP MORRIS

U.S.A.

120 PARK AVENUE, NEW YORK, N.Y. 10017-5592 TELEPHONE (212) 880-5000

February 27, 1998

Mr. Antonio Goitia
President
Kiwanis Club of Little Havana
1312 S.W. 27th Avenue
Miami, Florida 33145

**Calle Ocho Festival**

Dear Mr. Goitia:

This letter constitutes the agreement (the "Agreement") between Philip Morris Management Corp., a New York corporation with executive offices located at 120 Park Avenue, New York, New York 10017 ("Philip Morris"), on behalf of Philip Morris Incorporated ("PMUSA") and Kraft General Foods ("Kraft"), and the Kiwanis Club of Little Havana, a Florida non-profit corporation with offices located at 1312 S.W. 27th Avenue, Miami, Florida 33145 ("Organizer"), in connection with PMUSA's and Kraft's sponsorship of the Calle Ocho Festival ("Calle Ocho") to be held in Miami, Florida on March 8, 1998. The terms of the Agreement follow.

1. Sponsorship Rights.

(a) As a sponsor of Calle Ocho, PMUSA will be entitled to the following:

i) a Philip Morris Pavilion at Calle Ocho with PMUSA exclusivity within the area of S.W. 8th Street between 4th and 8th Avenues;

ii) a Calle Ocho Supersite at 4th Avenue and 8th Street;

iii) the right to distribute flyers or incentives from PMUSA kiosks at four information centers located at the center of 8th Street and throughout other Calle Ocho locations to be mutually agreed upon by the parties;

iv) the exclusive right to conduct incentive distribution among smokers twenty-one years of age or older at promotional locations 429, 435, 524, 627, 712,

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733, 804A, 919, 1234, 1313, 1506, 1615, 1718, 1827/1829, 2006, 2229, 2433, 2506, 1123/1125, 24th Court South, and 4th Avenue West;

v) the right to hang banners and signs within the four block area at Calle Ocho, at the promotional kiosks and throughout other Calle Ocho locations to be mutually agreed upon by the parties;

vi) the right to produce and distribute the official street guide for Calle Ocho;

vii) the right to hang two 8' x 24' Philip Morris scrims on either side of the stage located at 4th Avenue and 8th Street;

viii) the right to a Calle Ocho VIP area and two areas on 4th Avenue and 8th Street to serve as artists' dressing rooms;

ix) thirty-two French barricades provided by Organizer;

x) ~~ninety~~ seventy eight complimentary invitations to the Sponsors' Recognition Party at the Vizcaya Palace and thirty-four complimentary invitations to the Carnaval Night VIP section;

xi) the right to use the Calle Ocho logo on promotions and advertising provided by PMUSA and subject to prior approval of Organizer; and

xii) the right to approve in advance all materials and announcements prepared by Organizer that mention PMUSA or its products; provided, however, that such approval will be effected on a timely basis.

(b) As a sponsor of Calle Ocho, Kraft will be entitled to the following:

i) the right to a Calle Ocho product showcase site at South 5th Avenue and 8th Street;

ii) the right to a Calle Ocho youth site at North 5th Avenue and 8th Street;

iii) the right to a site for the Oscar Meyer thirty foot weinermobile on 8th Street near 5th Avenue;



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iv) the right to an 85' x 20' site on 8th Street between 7th and 8th Avenues for Kraft's Ethnic Marketing Vehicle;

v) the right to the use of one temporary electric pole at each of the five sites at Calle Ocho;

vi) the right to conduct retail promotions at Calle Ocho and to use the Calle Ocho logo in connection with such retail promotions;

vii) the right to use the Calle Ocho logo on promotions and advertising provided by Kraft subject to prior approval of Organizer; and

viii) the right to approve in advance all materials and announcements prepared by Organizer that mention Kraft or its products; provided, however, that such approval will be effected on a timely basis.

2. Organizer's Rights. Organizer will be entitled to the following:

(a) the right to approve in advance entertainment to perform on behalf of PMUSA and Kraft at Calle Ocho. The names of proposed talent will be submitted for approval on or before February 19, 1998. Organizer must approve or disapprove the proposed talent within fourteen days after receipt of the names from Philip Morris;

(b) the right to approve companies or products to co-sponsor Calle Ocho with PMUSA and Kraft. Names of proposed co-sponsors will be submitted for approval, in writing, on or before February 23, 1998. Organizer must approve or disapprove the co-sponsors within fourteen days after receipt of information from PMUSA or Kraft;

(c) the unconditional and absolute right of approval of performers and co-sponsors, such right to be exercised in the sole discretion of Organizer;

(d) the right not be held accountable for any portion of the fee if Calle Ocho is postponed or rescheduled as a result of circumstances beyond the control of Organizer, regardless of whether the circumstances are foreseeable; and

(e) the right to postpone, reschedule or cancel any Calle Ocho event or part thereof as a result of circumstances within the control of Organizer; provided, however, that Organizer will provide timely, advance notification to confirmed sponsors directly affected by the change or cancellation. Organizer will refund fees paid by Philip Morris, PMUSA or Kraft only in the event of cancellation.



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3. Organizer's Obligations. In addition to providing the sponsorship rights set forth in paragraph 1 hereof, Organizer will:

(a) prior to the start of Calle Ocho, clean all PMUSA and Kraft street promotional sites at Calle Ocho;

(b) on or before February 19, 1998, deliver to PMUSA and Kraft a list of the local vendors located within the four block area at Calle Ocho; and

(c) obtain, at its sole cost and expense, all releases, licenses, permits, approvals, consents and other documents required in connection with Calle Ocho and Organizer's performance of its duties hereunder.

4. Security.

Organizer will provide, at Calle Ocho and throughout the City of Miami, adequate security for fire, rescue units and police in numbers required by the City of Miami. ~~Evidence of the security must be provided, in writing, to PMUSA and Kraft on or before February 26, 1998.~~ PMUSA and Kraft will provide security within the PMUSA and Kraft Supersites and promotional areas.

5. Sponsorship Payment.

For the rights and permissions granted under the Agreement, Philip Morris will pay Organizer a fee of $147,263. Philip Morris will pay Organizer (i) $63,631.50 within thirty days after execution of the Agreement and submission of an invoice to PMUSA; (ii) $20,000 within thirty days after execution of the Agreement and submission of an invoice to Kraft; and (iii) the balance of $63,631.50 upon submission of an invoice to PMUSA on or about February 28, 1998.

6. Term and Termination.

The term of the Agreement will commence as of the date of the Agreement and will continue through the completion of Calle Ocho. Philip Morris has the right to (i) renew the Calle Ocho sponsorship in 1999 at a 7.5% increase in the sponsorship payment over the 1998 rate if Calle Ocho is held in 1999, upon written notice delivered to Organizer on or before September 29, 1998; (ii) renew the Calle Ocho sponsorship in 2000 at a 7.5% increase in the sponsorship payment over the 1999 rate if Calle Ocho is held in 2000 upon written notice delivered to Organizer on or before September 28, 1999; or (iii) upon written notice delivered to Organizer on or before September 29, 1998, renew the Calle Ocho



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sponsorship for a five-year period commencing in 1999 (i.e., for Calle Ocho held in 1999, 2000, 2001, 2002 and 2003) pursuant to the terms and conditions of the Agreement at a 7.5% increase each year in the sponsorship payment over the previous year's rate for each year in which Calle Ocho is held. Notwithstanding the foregoing, in the event that Philip Morris elects to renew the Calle Ocho sponsorship for any year referenced above, the parties will negotiate in good faith reductions to the sponsorship payment based on Philip Morris' decision, in its sole discretion, either to assume or to eliminate some or all of the rights specifically identified pursuant to paragraph 1 hereof in connection with such year of the sponsorship.

If the Calle Ocho sponsorship is renewed, all terms and conditions of the Agreement will be incorporated in any renewal, except for appropriate date changes and the provisions of paragraph 5 hereof. The parties will negotiate such provisions in good faith and will memorialize their agreement in a separate writing.

If any federal, state, municipal or local law, regulation, ordinance, order, ruling, judgment, consent decree or other governmental action becomes effective that makes the promotion of tobacco products as contemplated by the Agreement unlawful or impracticable or materially reduces the value of the Agreement to Philip Morris, the Agreement may be terminated by Philip Morris as of the date that such law, regulation, ordinance, order, ruling, judgment, consent decree or action becomes effective. If the Agreement is so terminated, Organizer will immediately refund to Philip Morris all amounts paid to Organizer by Philip Morris in connection with Calle Ocho. Organizer may deduct from the refund all fees earned for services satisfactorily performed, and documented expenses properly incurred, by Organizer prior to the termination date.

7. Ownership.

All material prepared or developed by Organizer pursuant to the Agreement will become the property of Philip Morris and Organizer hereby agrees to assign to Philip Morris any and all rights to copyright the material. Upon the acceptance by Philip Morris of any copyrightable material prepared by Organizer, Organizer at the request of Philip Morris will assign all of its right, title and interest in and to the material to Philip Morris and will execute an assignment in a form acceptable to Philip Morris.

8. Confidentiality.

Organizer will hold strictly confidential the existence and terms of the Agreement and all information and materials provided by Philip Morris, PMUSA or Kraft to Organizer or created or acquired by Organizer in performing services pursuant to the



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Agreement. Organizer will not use or disclose to any third party the existence or terms of the Agreement, the information or materials, or any other confidential information without the prior, written consent of Philip Morris. Upon the termination or expiration of the Agreement, Organizer will return promptly all confidential information and materials to Philip Morris. Organizer's obligation to maintain confidentiality will survive the termination or expiration of the Agreement.

9. Exclusivity.

During the term of the Agreement, or any renewal thereof, Organizer will not enter into any sponsorship agreements with any other manufacturer of cigarettes or other tobacco products, or permit any signage or commercial identification of any other cigarettes or other tobacco products in connection with Calle Ocho, without the prior, written consent of Philip Morris.

10. Independent Contractor.

Organizer is and will remain an independent contractor and nothing in the Agreement will be construed to create a relation of principal and agent or employer and employee between Philip Morris, PMUSA or Kraft and Organizer or any of Organizer's employees or agents within the meaning of any federal, state or local law. Organizer will not enter into any agreement, oral or written, on behalf of Philip Morris, PMUSA or Kraft or otherwise obligate Philip Morris, PMUSA or Kraft without the advance, written approval of Philip Morris.

11. The Philip Morris and Kraft Names.

Organizer recognizes and acknowledges that the PMUSA and Kraft names and the names of the PMUSA and Kraft brands and the designs, emblems, slogans and insignia associated with PMUSA and Kraft and their brands have great value and goodwill and are the sole property of PMUSA and Kraft, and Promoter agrees that it has and will claim no right, title or interest in or to the same or the right to use the same except in accordance with the terms and conditions of the Agreement. All use is subject to the advance approval of PMUSA and Kraft required by paragraphs 1(a)(xii) and 1(b)(viii) hereof.

PMUSA and Kraft agree that they will have no right, title or interest in the Calle Ocho name, or the slogans, emblems, designs, logo-types or insignia of, and the goodwill associated with, Calle Ocho, except the limited right to use pursuant to the Agreement.



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12. Indemnity.

Organizer agrees to indemnify and hold harmless Philip Morris, PMUSA and Kraft, their affiliates and each of their respective officers, employees, directors and agents from all claims, liabilities, costs or expenses, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission or fault of Organizer. Organizer's obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

Philip Morris agrees to indemnify and hold harmless Organizer, its affiliates and each of their respective officers, employees, directors and agents from all claims, liabilities, costs or expenses, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission or fault of Philip Morris, PMUSA or Kraft. Philip Morris' obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

13. Insurance.

Prior to the commencement of Calle Ocho, Organizer will deliver to Philip Morris certificates of insurance evidencing coverage for (i) comprehensive general liability, including advertiser's and contractual liability, with limits of no less than $1,000,000 combined single limit for bodily injury, including personal injury and property damage; (ii) comprehensive automobile liability for all owned, non-owned and hired vehicles, with limits of no less than $1,000,000 combined single limit; (iii) statutory worker's compensation meeting all state and local requirements, including employer's liability with limits of no less than $500,000. The certificates of insurance required by subparagraphs (i) and (ii) must name Philip Morris, PMUSA and Kraft as additional insureds and provide that Philip Morris, PMUSA and Kraft must have at least thirty days' prior, written notice of any cancellation or modification of the insurance. The insurance required must be primary coverage without right of contribution from any other Philip Morris, PMUSA or Kraft insurance. Insurance maintained by Philip Morris, PMUSA and Kraft is for the exclusive benefit of Philip Morris, PMUSA and Kraft and will not inure to the benefit of Organizer. Organizer will obtain certificates of insurance evidencing the types of insurance and limits described above from all subcontractors retained in connection with the Agreement.

Prior to the commencement of Calle Ocho, Philip Morris will deliver to Organizer, a certificate of insurance, naming Organizer and Kiwanis International as additional insureds. The certificate of insurance will be issued by an insurance company licensed to transact business in the State of Florida and will provide general liability coverage and property damage coverage with a combined single limit of $1,000,000.



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14. Third Party Contracts.

If at any time Organizer is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, Organizer will make no comment, immediately notify Philip Morris of the third party contact, and refer the third party to Philip Morris, Senior Vice President, Corporate Affairs.

15. Notices.

Any notice given under the terms of the Agreement must be in writing and delivered by United States certified mail, return receipt requested, postage prepaid, and if to Organizer, at the address set forth above, Attention: Mr. Antonio Goitia, President, and if to Philip Morris, to Philip Morris Incorporated, 120 Park Avenue, New York, New York 10017, Attention: Director, Event Marketing, and to Kraft General Foods, 1 Kraft Court, Glenview, Illinois 60025, Attention: Yvonne A. Tracey.

16. Miscellaneous.

(a) The Agreement and all matters collateral hereto will be governed by the laws of the State of New York applicable to agreements made and to be entirely performed within the State of New York.

(b) Force Majeure, acts of God, or other causes beyond the control of either party delaying or causing the cancellation or delay of Calle Ocho will not subject Organizer, Philip Morris, PMUSA or Kraft to any liability hereunder, except if, and to the extent, otherwise specifically provided herein.

(c) The Agreement may not be modified, amended or assigned except by a writing signed by both parties. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities or obligations under the Agreement. The Agreement is binding upon the successors and assignees of the parties.

(d) A waiver by either party of any term or condition of the Agreement in one or more instances will not constitute a permanent waiver of the term or condition or any other term or condition of the Agreement or a general waiver.

(e) The Agreement sets forth the entire agreement between the parties and supersedes any prior oral or written agreement between the parties concerning the subject matter of the Agreement.



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(f) Each party hereto will comply with all applicable federal, state and local laws, regulations and ordinances affecting its activities hereunder, including the provisions of 15 U.S.C. § 1331 et seq.

If the foregoing accurately sets forth our understanding, please signify your acceptance and agreement by executing and returning the enclosed copies of this letter. We will forward one fully executed copy to you.

Very truly yours,

**PHILIP MORRIS MANAGEMENT CORP.**

By: _____

Title: _____

ACCEPTED AND AGREED AS OF
THE DATE OF THIS LETTER:

**KIWANIS CLUB OF LITTLE HAVANA**

By: _____
Mr. Manuel Gonzalez

Title: _____

Taxpayer ID No. _____

Filing Status _____

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